

IN THE UNITED STATES DISTRICT COURT FOR
THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

_____)	
CRAIG SANFORD, et al.,)	
)	
Plaintiffs,)	Civil Action No. 1:10cv940 GBL/IDD
v.)	
)	
SCG INTERNATIONAL, LLC et al.,)	
)	
Defendants.)	
_____)	

MR. AND MRS. SANFORD'S PROPOSED STIPULATION OF UNCONTESTED FACTS

Plaintiffs, Craig and Mary Jo Sanford ("the Sanfords"), by counsel, submit the following proposed stipulation of uncontested facts:

1. The Sanfords are married and are residents of the Commonwealth of Pennsylvania.
2. Defendant Jamie Smith is a resident of the Commonwealth of Virginia.
3. Defendant Smith is married to Allison Smith, who is also a resident of the Commonwealth of Virginia.
4. Defendant SCG International, LLC ("SCG") is a Mississippi limited liability company with its principal place of business in the Commonwealth of Virginia.
5. In November 2007 Defendant SCG gave a presentation to Falls Township (Bucks County) police department.
6. Defendant Smith attended this presentation.
7. Defendant Smith personally spoke to Mr. Sanford that day.
8. Mr. Sanford and Defendant Smith had further communications after that time by telephone and electronic mail.

9. The parties entered into a Promissory Note on or about November 14, 2007.
10. The Sanfords signed the Promissory Note on November 14, 2007.
11. Defendant Smith and SCG signed the Promissory Note on November 14, 2007.
12. The Sanfords wrote two checks, each for \$6.25 million, on or about November 14, 2007 to Defendant SCG International, LLC.
13. Defendant Smith received these two checks via Federal Express at his personal residence in Virginia Beach, Virginia on or about November 21, 2007.
14. Defendant Smith deposited the checks in SCG's corporate checking account ("Corporate Account") at First Security Bank in Batesville, Mississippi on November 29, 2007.
15. Defendant Smith instructed First Security Bank to transfer \$10 million into a separate Trust Account ("Trust Account") with the bank.
16. Defendant Smith instructed First Security Bank to keep the remaining \$2.5 million in the Corporate Account.
17. On or about November 27, 2007, Defendant Smith opened a business credit card account to be paid from the Corporate Account.
18. Defendant Smith made Allison Smith an authorized user on that credit card.
19. On or about November 27, 2007 Defendant Smith opened a business credit line ("the credit line) for Defendant SCG for \$75,000 with First Security Bank.
20. The credit line was later increased to \$250,000.
21. After the \$2.5 million from the Sanfords was deposited into the Corporate Account, Defendant Smith instructed First Security Bank to make payroll payments out of that account.
22. Defendant Smith did not notify the Sanfords he was placing \$2.5 million into the

Corporate Account.

23. Defendant Smith did not notify the Sanfords that he was using their funds to support business and personal expenses.

24. Defendant Smith did not notify the Sanfords he placed \$10 million in the Trust Account.

25. Defendant Smith told Thad Campbell, an Assistant Trust Account Manager at First Security Bank, that the \$10 million he invested in the Trust Account was for his retirement.

26. Documents received from First Security Bank, in response to a subpoena *duces tecum* issued on behalf of the Sanfords, are true and accurate business records.

27. Defendant Smith and Defendant SCG distributed funds from the Corporate Account to other investment accounts in which they solely had access.

28. Defendant Smith and Defendant SCG transferred \$5 million from the Trust Account to a Credit Suisse account on or about April 30, 2008.

29. To date neither Defendant Smith nor Defendant SCG have provided documents from Credit Suisse.

30. On November 15, 2008 Defendant SCG entered into a Promissory Note with Hilal Investments, LLC for \$75,000.

31. Defendant Smith has an interest in Hilal Investments, LLC.

32. On February 1, 2009 Defendant SCG entered into a Promissory Note with DLF, LLC for \$1,150,000.

33. Defendant Smith has an interest in DLF, LLC.

34. On February 20, 2009 Defendant SCG entered into a Promissory Note with Hilal Investments, LLC for \$50,000.

35. On March 1, 2009 Defendant SCG entered into a Promissory Note with SCG, LLC for \$1,500,000.

36. Defendant Smith has an interest in SCG, LLC.

37. Defendant Smith and Defendant SCG distributed funds from the Trust Account to other investment accounts in which they solely had access.

38. Defendant Smith used funds received from the Sanfords for personal expenses.

39. Defendant Smith never intended to invest the Sanfords' funds in an ongoing commercial enterprise.

40. At no point did Defendant Smith, Defendant SCG or Allison Smith make any repayment to the Sanfords.

41. Neither Defendant SCG nor Defendant Smith held the Sanfords' funds in an escrow account.

42. Neither Defendant SCG nor Defendant Smith used the Sanfords' funds to invest in an ongoing commercial enterprise.

43. Neither Defendant SCG nor Defendant Smith have ever accounted for how the funds were actually spent.

44. In early 2008 a SCG employee "Rocky" Boudreau informed the Sanfords via email that their money was safe and Defendant Smith had their money invested in "numerous places, foreign and domestic".

45. On or about April 9, 2009 Mr. Sanford received a call from Defendant SCG's attorney saying the Sanfords' money had been "lost in the stock market".

46. During the April 9, 2009 telephone call no more details were given and no evidence was presented that money had been "lost in the stock market".

47. Pursuant to the terms in the Promissory Note the Sanfords were to be repaid their \$12,518,767.12 by May 27, 2009.

48. The Sanfords were not repaid \$12,518,767.12 by May 27, 2009.

49. The Sanfords have not been repaid any portion of this amount.

CRAIG SANFORD
MARY JO SANFORD
By Counsel

/s/
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Certificate of Service

I hereby certify that on the 21st day of April, 2011, I will electronically file the foregoing with the Clerk of the Court using the CM/ECF system.

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